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DIAMOND
OFFSHORE

July 16, 1999

Department of the Interior
Minerals Management Service
Mail Stop 4024
381 Elden street
Herndon, VA 20170-4817

Re: Proposed Rule for 30 CFR Part 250

Attention: Rules Processing Team

Thank you for the opportunity to comment concerning the proposed rule changes relating to 30 CFR Part 250.

Diamond Offshore Drilling (DODI) applauds the Minerals Management Service's (MMS) effort to move towards performance-based training, recognizing that recent changes in the rules have already provided considerable flexibility in this direction. However, there are several concerns with moving from a more prescriptive system to a company or industry driven training system to be monitored by the MMS. This is especially true during the transition period from a prescribed path provided by the MMS to each company searching for what is acceptable by our individual operator customers and the MMS.

Not addressing the specifics of the proposed rule, there are three major concerns as how this new format of accountability may directly affect each contractor, drilling or otherwise.

1. Given that the operator company will be directly accountable to the MMS for training issues for all contract personnel makes DODI directly accountable to each operator on an every rig contract basis. It is recognized that essentially this is how the system works today, but with the prescriptive system there is structure from one company to another because both the operator and the contractor are meeting the MMS's minimum standards. We will now have to make our training program fit each operator's definition of an acceptable program, possibly requiring DODI to alter its training program every time a rig changes to a different customer.

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2. In the recent downturn of the industry, as has been demonstrated in earlier downturns as well, the operators look for every possible option for breaking contracts so that drilling programs can be postponed or that the contracts can be renegotiated at lower rates. Since DODI will be directly accountable to each customer operator for all aspects of rig-based employee training, this could become a new tool for breaking contracts. As the proposed rule reads, DODI must rely on the operators to demonstrate the same flexibility that the MMS proposed at the recent public meeting in Houston. The MMS stated that penalties or remedies may be based on training deficiency trends, not on single spot checks of individual performance, which is reasonable because a person may test poorly due to intimidation or having a bad day. A single test does not mean that an individual cannot perform properly. In fact, a person that fails a single test may in fact be (and most likely is) capable of doing the job.

3. Given that the MMS is intending to implement the new rule, the proposed timetable given by the MMS in Houston is unreasonable. For the rule to be out in the third quarter of this year and all being required to be in compliance by sometime in the first quarter of the year 2000 seems unreasonable. Numerous contractors are working with the International Association of Drilling Contractors (IADC) to address the framing of a training system that can be consistent within the industry, giving a somewhat self defined industry standard recognizable worldwide to replace that being removed by the MMS. However, this takes time. A major assistance in this effort would be for the MMS to incorporate by reference the IADC's WellCAP (well control) training standard in the final rule in lieu of the MMS's prescriptive section on well control (all and more of which is covered within the WellCAP curriculum). This could be accomplished the same as was done by referencing API's RP 2D for crane operations. No other training issues are prescribed in the proposed rule as is done for well control and is not needed if a reference is made. Of real concern is that without a minimum standard like WellCAP for critical issues, the validation process for each training plan becomes subjective, making any MMS auditing process suspect.

With respect to the questions put forth to the industry in the proposed rule, the following is offered:

1. A specific test score is NOT a demonstration of competency. It is one indicator of specific knowledge but does not depict a person's ability to perform the job skillfully. Therefore, testing should only be used as an indicator of the company's successful effort in parting knowledge to the trainee and may be an indicator of the effectiveness of specific training programs, not individual competency. Using tests as a rigid standard for competency only opens up the contractor to contract problems with the operator for noncompliance when in fact, that is not the issue at all.

If testing is to be a part of the MMS evaluation process, all formal testing should be completed at the training facility at the time specific courses are being taken and not on the rig. This will prevent disruptions on the rig, possible morale problems with peers if failure occurs, and possible safety concerns if operations are interrupted. Questions being asked on an MMS test should be derived from questions, if not submitted by at least, reviewed by industry representatives. With respect to testing, DODI does not favor

written testing as a sole measure of competency and would like to think that the MMS is not moving towards testing-out of training programs, especially those critical to operational safety such as well control.

2. It is not recommended that the MMS get into the simulator testing business, particularly on the rig, using MMS owned hardware. The employee being tested will be unfamiliar with the equipment and it will take an excessive amount of time for the employee to become comfortable with simulator, especially when testing under a stressful situation as this. Also, it is not advisable for third party trainers to be used for practical testing except for possibly when a company is using the third party trainer for in-class training. This is to reduce the potential for a conflict of interest.

If simulation testing is to occur, it is recommended that it be at the company's chosen training facility and also be done during or at the conclusion of the class. This way the employee being tested will be familiar with the simulators and software used during training.

3. Interviewing employees is possibly the best method to validate whether a company is attempting to comply with their stated training program. If after several interviews, it is apparent that a company is not attempting to comply with its stated plan, then and only then should a penalty or remedy be considered. However, it will be paramount that the MMS do consistent and frequent audits early on during the transition phase if a trend type analysis is viable in detecting noncompliance.

4. It is not apparent why the MMS is planning to require record keeping for five years. This time cycle seems to be a leftover from the earlier prescriptive well control rules when training was based on four year cycles. If someone leaves the organization, it is not apparent why that individual's records are important to be maintained, especially for five years.

There are three issues concerning evaluating competency by position:

1. Based on the descriptions within the proposed rule, it is not clear which positions on the rig fall within the new proposed rule. At the meeting in Houston it was stated that the rule applies to all critical positions, which still leaves room for misunderstanding as to which the MMS considers critical.

2. How will the MMS assure industry its assessors in the field are trained, qualified and competent to effectively make on-site rig personnel competency assessments?

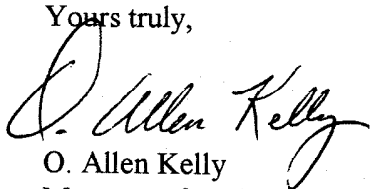
3. What general areas do the MMS consider essential to a company's training plan? (e.g., policies, procedures, skill sets, etc.).

DODI is in the process of addressing rig-based personnel competency fleet wide. This effort is to boost our current system and incorporate the MMS proposed rule as well as other considerations on the marine side. Again, a major concern relative to the MMS rule is the implementation timetable. Our effort is to be quite extensive and we would hope to

be able to complete our system and not develop an interim system to cover the MMS changes. It would seem that with the current two year cycle for MMS well control certification that at least a two year transition period would be appropriate for organizations to properly put in place a reputable program.

Again, thank you for the opportunity to respond to the proposed rule. For any questions you may have concerning these comments please don't hesitate to call for clarification.

Yours truly,

A handwritten signature in cursive script that reads "O. Allen Kelly". The signature is written in dark ink and is positioned above the printed name and title.

O. Allen Kelly
Manager of Training
Diamond Offshore Drilling, Inc.

xc: Rodney Eads – Sr VP Worldwide Operations, DODI
Lynn Charles – VP Human Resources, DODI
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